GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:271
ANSWERED ON:10.08.2000
SWINDLING OF EXCESS SUBSIDY BY FERTILIZER COMPANIES
PRABHUNATH SINGH;RAGHUNATH JHA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government are aware that some fertilizer companies have swindled excess subsidy by showing exaggerated production capacity;

(b) if so, the facts thereof and the amount of excess subsidy claimed by them, company- wise;

(c) the details of inquiry if any, ordered in this regard and the action taken against such companies, company-wise;

(d) whether the recommendations of the Committees, constituted earlier, are pending with the Government that relate to removal of anomaly in Retention-Price-Scheme for fixing prices of fertilizers; and

(e) if so, the details thereof and the steps taken for the removal of such anomaly?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SURESH P. PRABHU)

(a) to (e) : A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.271 to be answered on 10-8-2000

(a) to (c): The Government have taken two-pronged action to address the issue related to understatement of capacity and excess drawal of subsidy by some of the urea manufacturing units in the country: initiation of penal action and the recovery of the excess amount drawn as subsidy. As regards the excess drawal of subsidy by some of the fertilizer companies, the exact amount of recovery from the concerned urea units will depend on the report of the Committee of Experts headed by Dr. Y.K.Alagh set up by the Government vide Resolution dated 19.5.2000 and the Government's decision thereon.In so far as penal action is concerned, the matter has been referred to the Central Bureau of Investigation for investigation of the available evidence with a view to determining whether a prima facie case is made out against the concerned units under the relevant sections of the Indian Penal Code.

(d) & (e) : Government is formulating a new Fertilizer Pricing Policy for urea unitskeeping in mind the recommendations of the High Powered Fertilizer Pricing PolicyReview Committee (HPC) appointed by the Government in January 1997 which hadnoted the aberrations in the existing Retention Price-cum-Subsidy Scheme and hadrecommended, inter-alia, discontinuation of existing unit-wise retention price fixation for urea units.